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SUBJECT: CHONGQING'S AIR/RIVER FREE TRADE PORT TO BECOME AMONG  
WORLD'S LARGEST, SYMBOLIZES CHINA'S COMMITMENT TO GROWTH IN INLAND  
AREAS

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¶1. Summary: Chongqing's Lianglu/Cuntan Free Trade Port Area, China's first inland free trade port, is a huge airport/river bonded area with extensive highway and rail links, and will make Chongqing the logistics hub of China, local officials boldly predict. Chongqing Airport, the first in China to be approved with four long runways, will eventually reach annual passenger levels of 75 million, possibly making it the world's second busiest, and in the top five for cargo handling. Of great significance, Chongqing has started testing direct rail links to Europe via Central Asia and Russia that are cutting shipping times in half (14 days versus 28-plus by sea). End Summary.

"Airport + River Port" Bonded Area is China's First  
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¶2. Consul General, Senior Commercial Officer, and PolEconOff met September 23 with Zhu Dalun, Chief Supervisor, and Deng Kai, Investment Official, at the Chongqing Lianglu/Cuntan Free Trade Port Area (LCFTPA). Established by State Council decree in November 2008, LCFTPA is the first free trade port in inland China. The facility is the only Chinese port that combines and interconnects both bonded air and river ports, including 2.37 km2 of bonded space at Chongqing Jiangbei International Airport, and a 6.0 km2 bonded river port at Cuntan.

Chongqing as Future Logistical/Transportation Hub of China  
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¶3. Chongqing is uniquely positioned in the center of China to be a logistical hub connecting both to the nation's booming coastal areas to the east, and to Central Asia and Europe to the west, Zhu asserted. To make his case, he pointed to a wall map with Chongqing at the center and three almost equidistant spokes radiating out northeast, east, and southeast to China's principal coastal poles of growth -- the Bohai Sea area including Beijing, Tianjin, Dalian and Yantai; the Yangtze River Delta including Shanghai, Suzhou, Hangzhou and Ningbo; and the Pearl River Delta including Guangzhou, Shenzhen and Hong Kong. Three major international package delivery companies -- UPS, FedEx, and DHL -- have all been studying using Chongqing's international airport has a hub, he stated.

Chongqing Airport to be China's First with Four Runways  
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¶4. Chongqing's International Airport, currently one of China's ten largest, is the first airport in China to be approved for construction of four runways. Chongqing currently has 70 air routes providing links to more than 55 cities; within three hours one can reach nearly any region of China, and within six hours nearly anywhere in Asia. 2008 passenger throughput reached 11.2 million, and cargo capacity reached 160,000 tons. When all four runways are operational, the company predicts annual passenger throughput of 75 million, and an annual cargo

handling capacity of 2.5 million tons. (Note: This would make Chongqing the second busiest airport in the world. Hartsfield-Jackson International Airport in Atlanta, the world's busiest in passenger volume every year since 2000, saw just over 90 million in 2008, with Chicago O'Hare following with just under 70 million. The cargo predictions would put it in the world's top five. End Note.)

15. The expansion of the existing airport terminal and construction of the second runway will be completed in 2010. Zhu did not offer projected completion dates for runways three and four, which will be mainly used for cargo, with the third runway efficiently ending adjacent to the Lianglu airport free trade zone.

#### Western China's Largest River Port

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16. The Cuntan International Container Terminal, with the largest throughput capacity of any port on the upper and middle stretches of Yangtze River, is also the largest of four major river ports in Chongqing. It provides river and airport international cargo terminal functions, bonded logistics, processing, and trade. The river port's annual capacity is designed to be 1.26 million TEU ("twenty foot equivalent unit," or a twenty foot shipping container), though the actual amount will be closer to two million TEU. In 2008, the port moved 240,000 TEU. Once the water level of the Three Gorges Reservoir reaches 175m, a 5,000 ton vessel will be able to navigate all the way to Chongqing year-round, with 7,500 ton vessels available for six months.

#### A Web of Highways, and Europe by Rail in 14 Days

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17. Located at the geographic center of China and sitting astride  
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the Yangtze River, Chongqing is already the largest commercial logistics hub and industrial center on the upper stream of the Yangtze and in western China. Touting the city's convenient road and rail links, "like two concentric wheels with 10 spokes," Deng said one can reach more than 20 cities in neighboring provinces within three hours from Chongqing. By 2012, highways will be built from Chongqing to Xi'an, Chengdu, Kunming, Guiyang, Changsha, and Wuhan. By 2015, the city hopes to implement planned railway links allowing one to reach surrounding provincial cities within four hours, and the Yangtze River Delta, Pearl River Delta, and areas of Southeast Asia within eight hours.

18. As of 2010, Deng reported, Chongqing will have operational direct rail links to Europe. Passing out of China via Xinjiang Province into Kazakhstan, the line will run through Russia and into Europe, eventually terminating in Luxembourg. The company is already successfully running test shipments to work out kinks in customs stops along the way, Deng said. When operational, the rail link will allow containers to reach Europe in 14 days, compared to the current 28-plus days for shipments originating in Chongqing.

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